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Satellite Committee

Services Division

At its meeting of 17 July the Committee discussed the possible ramifications for the Satellites of the current Soviet internal reorganization. It was pointed out that official reports from East Germany note that this country is following, in brief, the Soviet decentralization program. It is probable, however, that East German officials are merely carrying out their earlier economic reorganization, and are not planning any wholesale decentralization.

25X1A9a [REDACTED] S/TF/EE, addressed the Committee on 24 July 1957 on a recent paper of his intitled "Current Foreign Exchange Problems of the European Satellites." The minimum trade and shipping deficit of the Satellites with Western countries during 1953-55 totaled \$370 million. Foreign exchange deficits accumulated during much of the early postwar period as well as in 1953-55. By 1956, the economic situation of most of the European Satellites necessitated substantial Soviet financial aid.

To remedy the situation, the Satellites have utilized 2 major types of remedies - reduction of the need for hard currency earnings (principally through utilization of credits), and use of barter and an increase in hard currency earnings through price reductions and re-sale of Western countries of goods purchased within the Bloc. These expedients have been inadequate to solve foreign exchange shortages; the only adequate solution being production of increased quantities of export goods which are salable in Western countries. Some improvement in the export position of the European Satellites has taken place in recent years, but increased efforts are still necessary.

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On 31 July, the Committee will discuss current items of interest.

The FPD has the only available copy of the new Rumanian statistical handbook. This handbook, covering intermittent years (including part of 1957) will be available in FPD until copies arrive for ORR.

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